

A Work Project presented as part of the requirements for the Award of a
Masters Degree in Management from the NOVA – School of Business and
Economics

Shoes Closet – Entering the German Market

Ana Filipa dos Santos Timóteo da Silva Ferreira
Number 687

A project carried out on the **SME Competitiveness: Internationalization Strategy
Field Lab**, under the supervision of:

Prof. Sónia Dahab
Prof. Filipe Castro Soeiro

1. EXECUTIVE SUMMARY

The purpose of this project is to prepare and help ShoesCloset company for international business activity, namely in Germany.

After having a careful study on the core foundation of the company I conclude that ShoesCloset has indeed potential to succeed by offering what the target segment is looking for in footwear. Nevertheless, the firm still has to improve in areas such as marketing, management operations, distribution channels and internal structure.

In relation to the German market and according to my studies the best mode of entry is through direct exports, which would be under the supervision of the CEO. Moreover, it is imperative to increase the productive capacity in order to satisfy both national and international expected demands.

Keywords: ShoesCloset; Germany; internal improvements; productive capacity.

2. SHOESCLOSET'S OVERVIEW

ShoesCloset is a company working in the footwear industry. The company was founded in 2010 by Miguel Marques Oliveira. The idea arose when he acknowledged the existing gap in the market between comfortable and design shoes. Within its main activities are the conception, design and modeling of footwear, subsequently followed by the marketing of those products. At this stage production is still outsourced due to small orders and the company has only 9 employees working full-time. See the organization structure in Exhibit 1. ShoesCloset core competences are creation and design, and R&D/innovation since it tries to outstand from the competition by having design shoes that are suitable for every-day use. The firm is determined to go from a conventional manner to a much bolder image in order to place itself as a medium/upper brand in the market and aims to offer excellence in quality, design and comfort. On average a ShoesCloset product costs 99€¹ for the final consumer. In 2011 the company sold 1250 pair of shoes, comprising only national sales. For 2012 ShoesCloset expects to have national sales revenues of 180.000€. The brand products may be found in multi-brand chain Sapatarias Leninha, in ShoesCloset brand new store in Parque das Nações and also on the company's website.

3. MISSION, VISION AND STRATEGIC OBJECTIVES

ShoesCloset's main purpose is to offer excellence in footwear that crosses design, quality and versatility, and to promote the image of the Portuguese footwear industry while being sustainable and environment-friendly. The company's vision for 2013 is to become international, be a trademark that ensures quality as well as being the Portuguese brand with most value added.

¹ Based on average prices for shoes (92,5€), ballerinas (87,2€), and boots (142,5€), and the product mix (65% of shoes, 20% of ballerinas and 15% of boots).

The strategic objectives for the short/medium run are:

- Enter new markets, namely Germany and France, by establishing new marketing networks that will enhance sales, and carry out market research for Belgium, the Netherlands and the United Kingdom;
- Accomplish national sales of 180.000€ for 2012 and 250.000€ for 2013;
- Increase exports value to 140.000€ for 2012 and 265.000€ for 2013;
- Implement ISO 9001 and ISO 14000, register models with GAPI and get industry specific certifications like Biocalce for more models;
- Reduce inputs imports from 20% to 5%.

4. METHODOLOGY²

For this Work Project to be attainable several sources were needed in order to collect significant data. Along with my research I had weekly meetings with Dr. Oliveira, ShoesCloset's CEO, with the intention of having a better understanding of the company's insights. For the External Analysis the group received relevant information from APPICAPS³. In order to have an in-depth evaluation of the national women footwear market and market research purposes, an online survey was conducted. 250 people undertook the assessment with 111 selected as the target segment. Another online survey with 99 valid answers was conducted to appraise consumers' opinion to support rebranding strategy. Refer to Exhibit 2 and 3 to see the surveys' answers. To evaluate and characterize the competitors the group contacted several footwear brands such as Helsar, Guava, Xux and Uterqë. To possess professional advice about the

² All the data represents the company's situation between the months September and December of 2011.

³ Associação Portuguesa dos Industriais do Calçado, Componentes, Artigos de Pele e seus Sucedâneos

exportation procedure we contacted AICEP⁴/IAPMEI⁵, namely the Loja da Exportação. With reference to the German market, I contact the Chamber of Commerce Luso-German for guidance about potential partners and intra-community transactions. The group has also contacted CTT Expresso and DHL Company in order to get information about transportation costs for the external markets. Regarding academic assistance the group had meetings with Professors Vítor Centeno and Tomasz Miaskiewicz for Marketing advice and Professor José Mata for Strategy guidance. Moreover, online databases were used to gather information about the footwear market both in Portugal and Germany such as Passport GMDI from Euromonitor. Concerning the analysis of German competitors it was a challenge to acquire appropriate information and my study was mostly based on the potential competitors' websites.

5. THE FOOTWEAR INDUSTRY IN PORTUGAL – EXTERNAL ANALYSIS

The Portuguese companies are mainly producers of leather footwear for the medium/upper segments and the product is mostly exported. The industry is known as an industrial cluster since most of the business is agglomerated in the North of the country (APPICAPS, 2011). This enables the industry to benefit from the cluster effects like knowledge diffusion and formation of networks of companies since plants, components suppliers and leather suppliers are all located in the same geographic area (Daniels, Radebaugh, Sullivan, 2001). The industry is reasonably fragmented with about 99% of it being constituted by small and medium enterprises (SMEs) that have a familiar structure (APPICAPS, 2011). Due to these facts the majority of the Portuguese producers lack capital to invest in the process to vertically penetrate the market with their brands, becoming fringe operators (APPICAPS, 2011). In 2010

⁴ Agência para o Investimento e Comércio Externo de Portugal

⁵ Instituto de Apoio às Pequenas e Médias Empresas e à Inovação

Portugal produced 1.836 million Euros in footwear and had a market size of 1.007 million Euros, which represented a growth of -4,2% from the previous year. For women's footwear the market size was 555 million Euros represented an annual growth of -3,7% (Euromonitor Int., 2011). Nevertheless, the prospective for the upcoming years are far more optimists: the footwear market size as a whole is still expected to present a negative growth for the next year of -1,3%, but however in 2011-12 it should increase by 1% (Euromonitor Int., 2011). The women's footwear market in particular is expected to present a negative growth in the next year of -0,4% but a positive growth of 1,1% in 2011-12. (Euromonitor Int., 2011) Refer to Exhibit 4 for further details. The sales volume in 2010 was about 44 million pairs of shoes, representing 1.008 million Euros, and an annual value growth of -0,8% (Euromonitor Int., 2011). Women's leather footwear consumption was 6.240 thousand pairs, which represents 148.562 thousand Euros and an average price of 24 Euros (APPICAPS, 2011). Portugal is a worldwide force within the footwear exportation, which is a category that contributes on a large scale to the Portuguese external account (APPICAPS, 2011). The industry is highly dependent on exports: in 2010 it exported 1.296.000 thousand Euros against 430 thousand Euros imported (APPICAPS, 2011). Throughout the world it is mostly known by its quality in leather footwear and it is one of the main exporters in this category (APPICAPS, 2011).

TRENDS IN 2010 AND PROSPECTS FOR FUTURE

Ever since the beginning of the new century the consumption volume has increased but the average prices have slightly decreased (Euromonitor Int., 2011). As a result from the economic downturn consumers became even more rational when undertaking their decisions to buy. Due to income shortages the demand for low-cost footwear increased

substantially and now consumers tend to delay their decision to buy or wait for promotions and sales periods. The category that performed best was women's sports footwear mainly due to new products that were released together with the increasing trend for healthier lifestyles (Euromonitor Int., 2011). In addition, the distribution format that was more successful was the retailers of multi-brand clothing and footwear specialist, holding the largest value share. Nonetheless, Internet retailing is continuously increasing its relevance in sales channels (Euromonitor Int., 2011). Refer to Exhibit 5 for detailed data. Regarding market shares, the large multinational corporations are still leading, with the primary example of Nike that holds a share of 23,5% of the market. On the other hand, national brands such as Modalfa, Foreva and Sapatália are well positioned (Euromonitor Int., 2011). See Exhibit 6 for more detailed data. Since these are the biggest national groups they are trying to be competitive by achieving economies of scale, unlike the majority of the market that is composed by SMEs (Euromonitor Int., 2011).

6. THE COMPANY – INTERNAL ANALYSIS

ShoesCloset is selling non-conventional shoes that are comfortable and suitable for every-day use. It intends to compete within the segment of design shoes by distinguish itself through comfort – the frame of reference is design shoes and the niche is comfortable shoes within that frame. Design and quality are seen as parity points and comfort is seen as a superiority point. This course of action will reinforce the company and as a result enable Shoes Closet to be perceived as unique, and therefore becoming a competitive advantage. ShoesCloset has its collections organized in themes; each season the company launches four different themes with 9 to 14 models each, which work as

inspirations for the designers. The models are grouped in each theme by colors, materials and style. For the detailed analysis of the Value Chain see Exhibit 7.

COLLABORATORS

The production is outsourced from four plants located in Oliveira de Azeméis and São João da Madeira and each plant focus on one theme; two of them work 40% of their time for ShoesCloset, other works 50% and other 60%. On average, these 4 plants have a productive capacity of 4.400 pairs per year. Refer to Exhibit 8 for detailed description. The relation with these plants is very informal due to their small dimension – each plant has about 5 workers – consequently there are no formal contracts of time allocated to ShoesCloset orders or minimum order quantities. The production strategy used is “make-to-sell” which means that ShoesCloset only place orders when necessary – when it is about to run out of stock in the stores. The production process is mainly handmade and very traditional which certainly adds value to the final product. This process consists in four distinct activities: cutting, sewing and assembling and finishing. The quality management has two phases: firstly during the production process and secondly in ShoesCloset’s warehouse. The quality control is initially made during the production process where the majority of workers have a significant experience in footwear production being very sensitive for quality issues; they then report to the plants’ supervisor, João Silva. The last stage of quality control takes place once the final product arrives to the warehouse and is implemented by ShoesCloset’s staff. Vertically integrated to ShoesCloset are the distribution channels, Sapatarias Leninha (two multi-brand stores) and ShoesCloset store since both belong to Dr. Oliveira, and the company’s website – these are ShoesCloset’s current sales channels. In order to reach costumers, the media, such as magazines, newspapers, social events and TV make the

link between the brand and customers. One of the most important collaborators is the suppliers. The suppliers are chosen according to their response time, quality and price. Considering this last criterion, it is seen as one of the biggest threats because prices for raw materials are very volatile, they may change several times during the production process, which makes it harder for ShoesCloset to predict its profit margin. On the other side of the chain are the distributors. When an order is finished it goes to the warehouse in Lisbon where CTT Expresso is usually in charge to provide this transport/service. In specific situations, when faster deliveries are necessary, ShoesCloset also works with Agility and DHL. ShoesCloset has alliances with CTCP⁶ – the company conducts chemical, physic and ergonomic tests in its labs – and Universities of Minho and Aveiro – partnership in a project of innovation and quality. The company works in collaboration with these entities in order to find new technologies, techniques, components and machinery that allow it to keep active in innovation and R&D. With APPICAPS the contact is related to initiatives that promote the Portuguese footwear abroad and AICEP is helpful for networking and gather data in foreign markets. Other major player has to do with quality certifications and models registration. The company is determined to implement ISO 9001 that certificates and ensures the quality in the production process, and Biocalce that certificates the product itself in terms of quality, comfort, resistance and durability. GAPI⁷ is the entity that helps in the process to register the models (5 to 8 per collection) at national and international levels. ShoesCloset also has collaborators for external services like accounting, IT support (IBT) and marketing campaigns support (models, photographers). Ultimately, since a considerable initial investment was needed to launch the brand, ShoesCloset incurred in

⁶ Centro Tecnológico do Calçado Português

⁷ Gabinete de Apoio à Propriedade Intelectual

a financial credit which makes the bank Santander Totta other major player. For the Industry Mapping see Exhibit 9.

CUSTOMERS

In the B2C business, ShoesCloset's target customers are modern cosmopolitan women, with ages between 20 and 50 years old, belonging to the medium/upper segment that give much importance about their appearance and are looking for comfortable yet fresh and appealing design shoes. ShoesCloset's intended target consumers do not have much bargaining power due to products' differentiation; the more differentiated the product is, the less power buyers have because there will be a reduction in choice and therefore less price sensitive they will become. However, in the national market consumers are slightly price sensitive mainly due to the shortage in their disposable income. When it comes down to footwear women do not have high levels of brand loyalty – according to our survey, comfort and quality are more important attributes than brand. In fact, 98% of the target segment demonstrates that they would try an unknown brand if it offers comfort and quality at affordable prices.

COMPETITORS

Since ShoesCloset is trying to enter a market niche – design with concern for comfort and handmade production – there are few other brands directly competing for the same purpose. Through a careful assessment at the companies' offers, their websites and the survey, one may say that ShoesCloset's direct competitors are: Massimo Dutti, Lanidor, Uterqüe, Helsar, Foreva and Aldo. It may as well be said that brands like Fly London and Xuz are not competing with ShoesCloset because they offer a very specific product/design. See Exhibit 10 for the Positioning Matrix.

6.1. SWOT ANALYSIS

As **strengths** the company has its investments in technology and R&D. ShoesCloset is continuously looking for innovative techniques that may be more efficient, more effective components, suppliers with higher quality standards, and innovations in what concerns the assembling of the footwear to make it as comfortable as possible. Another positive aspect of the company has to do with its intended certifications, namely ISO 9001, that is internationally recognized, and Biocalce, that is nationally recognized. Moreover, the multidisciplinary team with know-how in the industry and high technical, organizational and market competences mainly due to past experiences in the footwear industry is a positive feature for the company, as well as the range of degrees in its staff like production engineering, fashion and design, management and chemical engineering. Regarding production, the experience of the labor force in the plants and the handmade practice adds value to the final products. The fact that production is outsourced allows the company to reduce fixed costs and also to have flexibility in scheduling the production. Ultimately, the brand has a major strength in the relation to the price and quality ratio of its products.

Regarding **weaknesses** one major issue that ShoesCloset has is the lack of brand awareness since the company started only one year ago. The company also has underdeveloped logistic processes, control systems and distribution channels. The website is poor in information, organization and not attractive. The organization structure is very much centralized on Dr. Oliveira, the CEO, since he is the only one inside the company that has decision power. Moreover, Sapatarias Leninha are very traditional and do not target the same segment as ShoesCloset; it does not fit in the image ShoesCloset wants to be perceived. Finally one of ShoesCloset weaknesses is lack of capital to invest

As **opportunities** one may point out the strong commitment from footwear industry associations in promoting the Portuguese footwear in international markets, along with establishing good reputation of Portuguese footwear in those same markets. The increased purchase power of some emergent countries, namely Brazil and Angola may also be considered as an opportunity. The increasing awareness of ecological/environmental questions and escalating Internet usage, as an alternative distribution channel, are aspects that ShoesCloset may take advantage from. Furthermore, despite the financial crisis national consumers are likely to gradually shift their preferences towards products with better quality.

Regarding the **threats**, the global financial crisis and its repercussions in consumption is an inevitable one. Furthermore, the possibility that ShoesCloset models may be imitated/copied by other corporations is also a problem. Another threat has to do with the high volatility in raw materials' prices, which may damage the company's margins. Finally, the strong competition from prestige national and international brands is an issue that ShoesCloset will have to overcome.

	Valuable?	Rare?	Costly to Imitate?	Exploited by the Organization?	Competitive Implication
Comfort	Yes	Yes	No	Yes	Temporary Source of Competitive Advantage
Design	Yes	No	No	Yes	Competitive Parity
Quality⁸	Yes	No	No	Yes	Competitive Parity

Table 1 - VRIO Analysis

The VRIO analysis is made by comparing ShoesCloset with its direct competitors and using evidences from the surveys. One may conclude that ShoesCloset needs to invest

⁸ By quality one understands the quality and durability of the raw materials used.

in R&D in order to get a sustainable advantage in comfort, which is mainly associated with the research for new techniques and registration of models.

8. THE GERMAN MARKET – ANALYSIS OF INDUSTRY AND COMPETITION

WHY GERMANY?

Subsequent to the first meeting with ShoesCloset, Dr. Oliveira suggested that the Work Project group would study three different markets: Germany, United Kingdom and France. These countries were chosen since ShoesCloset considered them as good future opportunities. The countries were then attributed to each member by random decision. Nevertheless, Germany is indeed a good country to where ShoesCloset can expand. In 2010 Germany produced about 1.800 million Euros in footwear, imported 5.300 million Euros and exported 3.700 million Euros (Euromonitor, 2011). Germany is one of the main Portuguese partners in what concerns footwear. When comparing the years 2005 through 2010 imports from Portugal increased by 5,01% (APPICAPS, 2011). However the variation from 2009 to 2010 is much smaller being only 0,51% (APPICAPS, 2011). More specifically for women's leather footwear, in 2010 Germany imported from Portugal 5.730 thousand pairs, valued at 147.000 thousand Euros, with an average price of 25,66 Euros (APPICAPS, 2011). For the first time in the last decade in 2010 the footwear exports from Portugal to Germany were under 10 million pairs, confirming the deceleration trend from 2009 (APPICAPS, 2011). Nevertheless, in what concerns women footwear Germany is the second largest partner to where Portugal exports, in value, representing 27% of national exports (APPICAPS, 2011). Women's footwear market size in Germany in 2010 was 5.700 million Euros – about 10 times bigger than the Portuguese women footwear market – with a growth compared to the previous year of 4,5% (Euromonitor Int., 2011). The forecast for the next years is for this market to

continue to grow although at lower rates; for 2010/2011 the market is expected to grow 0,5% and 0,5% as well for 2011/2012, being these values based on 2010 prices (Euromonitor Int., 2011). See Exhibit 11 for more details.

GEOGRAPHIC COVERAGE

When first entering the German market ShoesCloset should focus in the region of Nordrhein-Westfalen (NRW), namely in the city of Düsseldorf. This decision may look peculiar since it is usual to start on the capital city region. However, when comparing Berlin and Düsseldorf regions this last one is much more attractive for ShoesCloset. Indeed, the region of NRW has more 14,24 million habitants than Berlin and a GDP per capita difference of over 4.500 Euros (AICEP, 2011). Moreover, when looking for the consumer expenditure data on clothing and footwear in 2010, in NRW region it was approximately 15.800 million Euros whereas in the capital region it was 2.700 million Euros, which is a significant difference. In fact, NRW is the region that most spent in clothing and footwear in the past years (Euromonitor Int., 2011). See Exhibit 12 for detailed information. Another reason for the choice of this region has to do with its geographical proximity with Belgium's and the Netherlands' markets, which are two interesting markets for ShoesCloset in the future.

MARKET TRENDS AND PROSPECTS

Over the last years fashion trends in Germany are changing and people that used to be known as conservative are now becoming more fashion-conscious and willing to experiment (Euromonitor Int., 2011). With women's emancipation in the last decades the today-woman has administrative and higher professional roles which increases her willingness to pay more for a pair of shoes (Euromonitor Int., 2011). German women are looking for more elegantly fashioned casual footwear, clogs and evening footwear,

yet the footwear must be comfortable and be appropriate for everyday use (Euromonitor Int., 2011). Despite the actual economic crises faced all over Europe and throughout several economic sectors in 2010 the footwear sector in Germany performed reasonably well. The demand was secure which was translated in increases of 5% in current value sales and retail sales volume growth of 3% (Euromonitor Int., 2011). The demand for woman footwear was very positive and registered the strongest sales volume and value growths; indeed the non-sport footwear registered the highest current value growth of 10% and retail volume growth of 9% (Euromonitor Int., 2011). This trend is justified by the constant and increasing concern women have with their appearance. Moreover, shopping online is also an increasing trend in Germany. In fact clothing and footwear is the most important category within Internet retailing in 2010; overall the category increased by almost 10% and its sales value, including taxes, was 5.2 billion Euros (Euromonitor Int., 2011). For the next years German footwear market is expected to continue to grow although at small rates; women footwear demand is the main responsible for the positive trend (Euromonitor Int., 2011). Women's non-sports footwear is likely to register the fastest retail volume Compound Annual Growth Rate (CAGR) of 2% especially due to sales of boots, ankle boots pumps and casual shoes (Euromonitor Int., 2011). On the other hand, sales of women's sports footwear are estimated to continue decreasing even though new products developments are expected, which confirms the 2010 trend (Euromonitor Int., 2011). Moreover, customers' preference to try the shoes before buying is changing rapidly, which means that Internet retailing is likely to become the most active distribution channel in footwear (Euromonitor Int., 2011).

COMPETITION

The leading brands in 2010 were Deichmann, Hamm & Reno, Adidas, Nike and Görtz, controlling more than half of the market. Refer to Exhibit 13 for detailed information. In the category of sports footwear big international brands are the market leaders (Euromonitor Int., 2011). However, for the non-sports footwear domestic retailers prevail and they are able to gain market share through cost-effective offers and by expanding its presence inside Germany every year (Euromonitor Int., 2011). Regarding the distribution formats there is a clear tendency for Germans to shop for footwear in non-grocery retailers, namely in clothing and footwear specialist retailers (Euromonitor Int., 2011). See Exhibit 14 for detailed data. In 2010 sales in this category grew 1% and reached 30 billion Euros in current prices contradicting the economic crisis by growing the second year in a row (Euromonitor Int., 2011). After extensive research through the Internet I was able to identify certain brands that can be seen as ShoesCloset's competitors. There are many brands in the German market, but in the niche that ShoesCloset intends to be is hard to find substantial offers – products at medium prices with great quality and comfort and not disregarding design. Footwear brands like Gabor, Görtz and Clarks have similar prices to ShoesCloset although they miss the design factor since their shoes are based on simplicity. Esprit and Akira also offer similar products however at lower prices comparing to ShoesCloset average, at least for winter season, which makes them a strong competitor. Brands like Boss Orange, Hilfiger, Guess and Diesel are the large and international and renowned brands that offer products with more style and design than the previous competitors and are much expensive as well. Airstep is an Italian brand, with a traditional production process and focused on leather shoes. Although this brand has slight higher prices than ShoesCloset it may be a good example for ShoesCloset to follow and try to benchmark.

9. MODE OF ENTRY – RECOMMENDATIONS – THE 4 P'S

ShoesCloset will enter the German market through Exports. The company's products and objectives fit this mode of entry since products need very little adaptation, the production costs in Germany are higher, the market size is big and growth rates are positive (Daniels, Radebaugh, Sullivan, 2001). This mode has advantages such as minimum risks and investments, the speed of entry, increase sales, and maximize scale economies (Daniels, Radebaugh, Sullivan, 2001). However, it brings some disadvantages as well such as transportation costs and limited access to local information (Daniels, Radebaugh, Sullivan, 2001). Dr. Oliveira has already hired an individual from Portugal to do market research and networking in the target region. His objective is to have a brand representative that belongs to ShoesCloset living in Germany – Leila Rodrigues has a Masters Degree in Fashion Design and is already in the target region doing the first contacts and meetings. However, my opinion is that at this stage it might be a better option to enter the market through direct exports⁹. See Exhibit 15 for advantages and disadvantages.

Brand Representative Costs	Annual Costs (€)	Direct Export Costs	Annual Costs (€)
Representatives' margin	9 800	Travel costs	900
Trips	3 600	Accommodation	1 890
Communication	1 440	Car rent	1 500
Incentives	450	TOTAL	4 290
TOTAL	15 290		

Table 2 – Brand Representative vs. Direct Export Costs

My conclusion is that ShoesCloset should not have a brand representative in Germany at this moment. Direct exports maximize the company's margin, it will not create extra costs with human resources and has fewer risks since it has less or none investments. In order to establish the first contacts and start networking it may take a few weeks on the

⁹ Brand representative costs given by the CEO.

field, however once that milestone is achieved the communication process can be established from Portugal. At the beginning I think the company should deal with exports in its headquarters in Portugal, assigning the responsibility to a ShoesCloset worker or even Dr. Oliveira. Nevertheless, from my point of view ShoesCloset has still some points in the national market that should be better developed first and only then the company should try to go international. Next are some recommendations that aim to improve the success of ShoesCloset on its internationalization process as well as recommendations for the German market.

PRODUCT

In order to improve its differentiation ShoesCloset could bet in customized products. For instance, online customers could be able to choose the color of its shoes and special applications. This customization process would allow ShoesCloset to charge a premium price. Furthermore, and related to differentiation as well, ShoesCloset could try to do benchmarking from successful examples of SMEs, for instance the brand Guava that with its innovation and design characteristics is already being successful abroad even though it started in 2011. Refer to Exhibit 16 for Guava's interview. Regarding the brand itself, and according to the survey carried out, the name "ShoesCloset" might not be a good choice. The word "closet" remembers something dark, closed and where you store things, which is not the image ShoesCloset is trying to pass on. For these reason a rebranding strategy might make sense. Alternatively ShoesCloset could try to use the image of a "woman closet" which is bright, elegant, glamorous, organized and fun.

Regarding Germany, the products would need almost no adaptations. Although the German winters are more rigorous, for instance, that will not stand any big concerns. ShoesCloset intends to keep the same production process – handmade – however there

is an existing possibility to create exclusive models for the German market. This way issues like the severe weather conditions can be taken addressed properly.

PRICE

One of the threats for ShoesCloset is the unpredictable raw materials' price, particularly leather prices that can change weekly. In this case ShoesCloset could try to negotiate better contracts with its suppliers, especially long-term contracts where prices are fixed for that period. This would help ShoesCloset to come up with an accurate prediction about their margins and production costs. Moreover, once the company starts to grow it will be able to renegotiated better conditions.

When selling to Germany ShoesCloset is no more in a B2C transaction but in a B2B business – the transaction occurs between companies and no more between ShoesCloset and the final consumer. In this sense, ShoesCloset has no power over the final price, which will be responsibility of the store that will market the products. Nevertheless, usually the margin is 2.5 to 2.9¹⁰ times more the purchased price (if it was bought by 50€ it would be sold by 125€, for instance). The average sales price to Germany – export price – will be 53€ to shoes, 46€ to ballerinas and 74€ to boots. Assuming the same product mix than in Portugal ShoesCloset's products will have an average export price of 54,75€. Moreover, when pricing its products for B2B business ShoesCloset will present two proposals to its costumers: one where the transportation costs are included and another where they are not; this way customers have flexibility to take care of transportation themselves.

PROMOTION

¹⁰ Information given by the CEO.

At the moment ShoesCloset is not being effective in promoting its brand. The different ways that the brand is presented to customers are not aligned with each other; for instance, the catalog has nothing to do with the flyers and neither with the website or the brand's logo. ShoesCloset should try to align the different ways the brand is exposed to customers in order to create brand identity. Other promotion channel that needs improvements is the catalogue. According to the surveys the pictures have too many elements, which deviate the attention from the shoes – the pictures for the catalogue should be simpler and more focused on the product. Another necessary improvement is in the website. It is not appealing, it fails to engage customers and it is poor in information. According to an expert in design and e-Marketing, the homepage should be as simple as possible and customers should be immediately able to understand what the brand is selling and what is different from the competitors. In my opinion the main problem in the marketing and sales activity is that there is no one inside ShoesCloset with a background in marketing. Thus it is crucial to hire someone that really understands marketing; it would be even better if that person has previous experience in fashion and design.

Regarding Germany, ShoesCloset should not have e-commerce for Germany at the beginning since it does not know how its products are going to be priced to the final consumers and might intentionally incur in sales' cannibalization. In addition to that, since ShoesCloset in Germany is in the B2B business it is not a priority for the brand to promote its products. Nevertheless it might be important to have some presence in the

top fashion magazines like Glamour, InStyle or Vogue¹¹. I believe that is also vital to participate in international trade-shows like GDS in Düsseldorf.

PLACE

One of the main problems in ShoesCloset is its underdeveloped distribution channel. According to an expert in Marketing it is mandatory for the company to market its products in multi-brand stores, or department stores, that fit its target segment in order to see how products' performance. Good alternatives would be a department store like El Corte Inglés or multi-brand chains like Made In, Agostini or Prof. It is also advisable to expand geographically inside Lisbon, to Porto or/and Leiria that are regions with most expenses in footwear (Euromonitor Int., 2011). See Exhibit 17. This way ShoesCloset might improve its negotiation and contract management experiences.

Regarding Germany, Düsseldorf is recognized for being a fashionable city. The Schadowstrasse is one of the most frequented shopping streets achieving the highest turnovers in Germany. A lot of department stores and numerous shops can be found on this street that is close to Königsallee, a boulevard known from its fashion showrooms and luxury retail stores¹². ShoesCloset should then enter the German market through these well-known shopping sites and take advantage of its synergies. ShoesCloset main criteria are localization, general appearance of the place, selling prices and competition. Based on that, I think that it should enter in multi-brand stores for women in the medium/upper segment, both in the traditional commerce – street stores – that is very popular in Düsseldorf and in shopping malls and department stores, also very popular. Therefore I think it should try to enter in: **Schadow Arkade**, which is one of the best

¹¹ <http://uk.cision.com/Resources/Social-Media-Index/Top-UK-Social-Media/Top-10-UK-Fashion-Week/Top-10-German-Fashion-Magazines/>

¹² <http://www.duesseldorf-tourismus.de/en/fashion-shopping/shopping/search/>

shopping malls in Dusseldorf – the store Sacha Shoes (has 6 stores in Germany) fits ShoesCloset products; **Karstadt**, one of the most popular department stores in Germany and it is also appropriated for ShoesCloset products. Regarding street-stores there is **Görtz-Lady** and **Peek & Cloppenburg**, one of the clothing and footwear specialists with higher market-share. See Exhibit 18. Additionally, a good strategy for ShoesCloset to enter international markets could be to create an area in its website for B2B business. In this area the potential customers would register, have a registration number and would be able to place orders.

10. IMPLEMENTATION PLAN

MEN

From my analysis I do not believe that having a brand representative is the best strategy, therefore ShoesCloset will not have anyone in Germany permanently. Nevertheless, I assume that Dr. Oliveira will have to travel to Germany an average of 5 to 6 weeks a year, during the first year at least, in order to find new partners, present the products to potential costumers and to close new deals. In my opinion after the research on the field is done and potential partners are found the first approach and following conversations can be done by distance and is not strictly necessary face-to-face meetings.

MONEY

The internationalization process to Germany will not imply initial investments, which is one of the advantages of direct exporting. Since my suggestion is that Dr. Oliveira follows up the international transactions this will have some costs associated, namely travel costs from Lisbon to Düsseldorf (around 900€ per year¹³), the accommodation

¹³ www.edreams.pt - Average fair price from Lisbon to Düsseldorf and return: 150€

there (around 1.890€ per year¹⁴) and the cost for having a car in order to travel within the target region (around 1.500 per year¹⁵). Those would perform the incremental operational costs. The cost of sales¹⁶ is 80% and includes production costs, design and modeling costs and communication costs. In regard of the marketing expenditure, costs with being represented in the next GDS, an international event for shoes and accessories in Düsseldorf, are around 11.500€ including the space in the trade show, travel and accommodation. Nevertheless this value is expected to be reimbursed in 45% due to a Community grant. The construction of the stand costs 4.000€. ShoesCloset will also be present in Vogue Accessories German, which will cost 1.800€. Refer to Exhibits 19 to 22 for detailed calculations.

	2012	2013
International Sales	140 000	265 000
Cost of Sales (80%)	-112 000	-212 000
Transportation Costs	-540	-1 022
Gross Marging	27 460	51 978
International Operational Costs	-4 290	-3 960
International Marketing Costs	-12 125	-12 125
EBITDA	11 045	35 893

Table 3 – Expected Income Statement

MINUTE (SEE EXHIBIT 23 TO TIMELINE)

Activity	Description	Dependency
1	Look for more plants (6 months)	
2	Travel to Germany: networking and market research - find potential customers (2 weeks)	
3	Follow-up contacts and negotiations (2 months)	2
4	Trial orders (2 to 3 months)	3
5	GDS – International Event for Shoes & Accessories	
6	Travel to Germany: close contracts/look for more potential customers (1 week)	3

¹⁴ www.dusseldorfhotels.net - Average price for a 3* hotel in the center Düsseldorf: 45€ per night

¹⁵ holidaysauto.de - Average price for a VW Polo in Dusseldorf for one week: 250€

¹⁶ Sales forecasts given by Dr. Oliveira.

7	First orders for the Fall Collection 2012 (5 months)	6
8	Travels to Germany: follow-up sales performance (1 week × 2)	

MEMO

Strategic Themes	Objectives	Measurement	Target	Initiative
Financial	Increase sales	Sales revenue Sales volume	Sales of 130.000€ in 2012	Communication strategy Strategic customers
Customer	Create awareness Increase number of customers	Number of successful meetings Number of successful contacts per trade show	50% of successful meetings 10 successful contacts per trade show	Presence in trade shows New distribution channels
Internal	Focus on R&D	Number of models registered per year	5 to 8 models registered per year	Quality management

11. CONCLUSION

ShoesCloset has indeed potential to succeed in both domestic and international markets.

The company is able to offer the attributes-mix that consumers are looking for in footwear – day-to-day comfortable shoes with design and medium prices. Taking into consideration the survey's results about what features women most value when purchasing footwear, I can reveal that comfort, quality and design came first, followed by versatility and variables like brand and store service. Nevertheless, the company must strive to improve itself in areas such as marketing, logistics, internal structure and distribution channels. Although a recognized brand is not a requisite for women the fact is that the brand needs visibility and for that reason it has to be available in more distribution channels. When it comes to the internationalization process, in times of difficulties it is imperative to have a strategy of costs management and entering the

German market through direct exports is the strategy that implies fewer costs and risks. If sales prospects for the next 2 years are attained, to fulfill both international and national demands ShoesCloset has to improve its production capacity. See Exhibit 24 for total expected sales. One way to address this issue might be to increase the time allocated to its orders, which might bring benefits in terms of quantity discounts, for instance, or to look for more production partners. Moreover, taking into account the operational and marketing incremental costs for the German market, the internationalization process is only economically viable if in 2012 the company exports 1.528 pair of shoes; the break even point is 83.680€ in international sales. See Exhibit 25 for the break-even analysis. Ultimately my conclusion is that ShoesCloset should be ready to enter the German Market for the next fall collection. The upcoming summer collection starts to be negotiated by this time, in the beginning of the year, and ShoesCloset may not have enough capacity for that yet.

12. REFERENCES

- Euromonitor International: Category Briefing. 2011. Footwear – Portugal. May
- APPICAPS. 2011. Footwear, Components and Leather Goods, 2011 STATISTICAL STUDY. August
- Euromonitor International. 2011. Market Sizes, Historic, Retail Value RSP, €mn, Constant 2010 Prices, Year-On-Year Growth (%). Footwear, Portugal
- Euromonitor International. 2011. Market Sizes, Historic, Retail Value RSP, €mn, Constant 2010 Prices. Footwear, Portugal
- Euromonitor International. 2011 Footwear in Germany. November
- Euromonitor International. 2011. Market Sizes, *Forecast*, Retail Value RSP, €mn, Constant 2010 Prices, Year-On-Year Growth (%). Footwear, Portugal

- Euromonitor International. 2011 Internet Retailing in Germany. January
- Euromonitor International. 2011. Consumer Expenditure by Region, Historic/*Forecast*. Portugal. Consumer Expenditure on Clothing and Footwear
- Euromonitor International. 2011 Clothing and Footwear Specialist Retailers in Germany. January
- Euromonitor International. 2011. Imports of Footwear. Historic, US\$ mn. Germany
- Euromonitor International. 2011. Market Sizes, Historic, Retail Value RSP, €mn, Constant Prices. Footwear, Germany
- Euromonitor International. 2011. Market Sizes, Historic, Retail Value RSP, €mn, Constant 2010 Prices, Year-On-Year Growth (%). Footwear, Germany
- Euromonitor International. 2011. Market Sizes, *Forecast*, Retail Value RSP, €mn, Constant 2010 Prices, Year-On-Year Growth (%). Footwear, Germany
- Euromonitor International. 2011. Consumer Expenditure by Region, Historic. Germany. Consumer Expenditure on Clothing and Footwear
- APPICAPS. 2011. World Footwear Yearbook. September
- AICEP, Portugal Global. 2011. Mercados, Informação de Negócios. Alemanha, Guia Prático de Acesso ao Mercado. April
- Euromonitor International. 2011. Exports of Footwear. Historic, US\$ mn. Germany
- Daniels, Radebaugh, and Sullivan. 2009. “Export and Import Strategy” In *International Business: Environment and Operations*, ed.12th, 534-542. Pearson International Edition
- Daniels, Radebaugh, and Sullivan. 2009. “The Strategy of International Business” In *International Business: Environment and Operations*, ed.12th, 459-465. Pearson International Edition

A Work Project presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA – School of Business and Economics

Appendix

Shoes Closet – Entering the German Market

Ana Filipa dos Santos Timóteo da Silva Ferreira
Number 687

A project carried out on the **SME Competitiveness: Internationalization Strategy Field Lab**, under the supervision of:

Prof. Sónia Dahab
Prof. Filipe Castro Soeiro

INDEX

Exhibit 1 – Organizational Structure	28
Exhibit 2 – Survey for Market Research (only answers from the target segment)	28
Exhibit 3 - Some survey's answers to “With what do you associate the brand name "ShoesCloset", without no other information?”	39
Exhibit 4 – Market Size Growth Forecast For Portugal	41
Exhibit 5 – Sales of Footwear by Distribution Format in Portugal	41
Exhibit 6 – Brand Shares in Portugal	42
Exhibit 7 – Value Chain	42
Exhibit 8 – Productive Capacities	44
Exhibit 9 – Industry Mapping.....	45
Exhibit 10 – Positioning Matrix	45
Exhibit 11 – Market Size Growth Forecast for Germany.....	46
Exhibit 12 - Consumer Expenditure by Region in Germany.....	46
Exhibit 13 – Brand Shares in Germany	46
Exhibit 14 – Sales of Footwear by Distribution Format.....	47
Exhibit 15 – Advantages and Disadvantages of a Brand Representative.....	47
Exhibit 16 – Guava’s Interview.....	48
Exhibit 17 – Consumer Expenditure by Region in Portugal	51
Exhibit 18 – Place.....	51
Exhibit 19 – Transportation Costs	51
Exhibit 20 – Incremental Operational Costs.....	52
Exhibit 21 – Incremental Marketing Costs.....	52
Exhibit 22 – Expected Income Statement with a Brand Representative	53
Exhibit 23 – Timeline	53
Exhibit 24 - Total Expected Sales	53
Exhibit 25 – Break-even Analysis for 2012	54

EXHIBIT 1 – ORGANIZATIONAL STRUCTURE

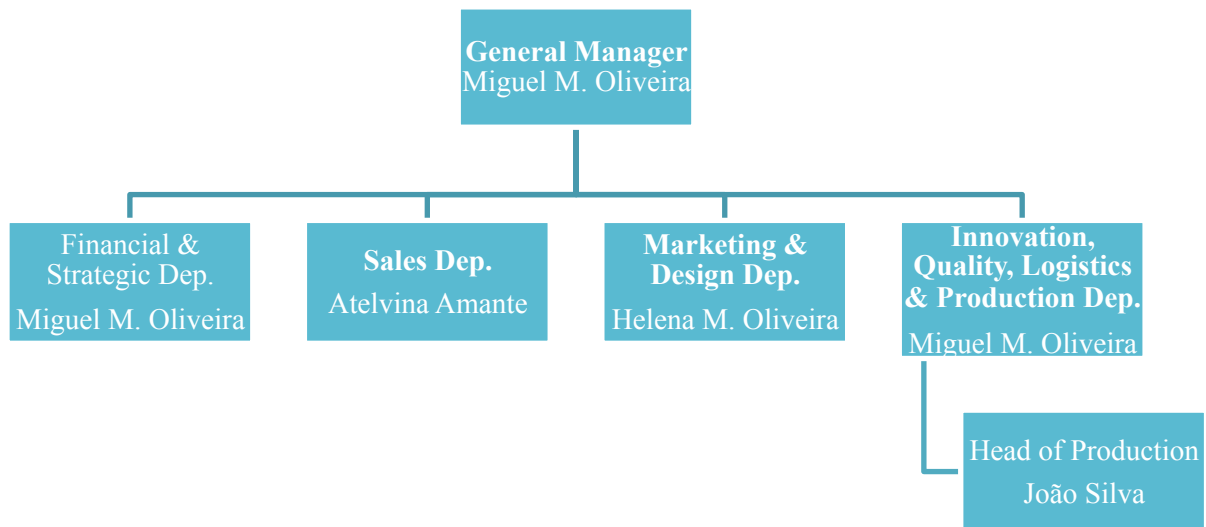






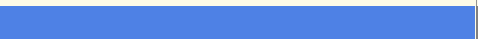
EXHIBIT 2 – SURVEY FOR MARKET RESEARCH (ONLY ANSWERS FROM THE TARGET SEGMENT)

This survey got 250 valid answers however one decided to filter them in order to get insights from the target segment ShoesCloset intends to serve. First the answers were filtered having in attention only the Portuguese answers. Then one decided not to segment according to the net income since that way most of students' answers would be ignored. This could bias the filtration since one believes that students usually live with their parents have less costs thus can spend more in footwear. In this sense one decided to filter the answers based on the purchasing habits of the consumers – were considered every answers from women that buy at least 1 or 2 pairs of footwear per year.

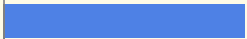



1. Age:

#	Answer		Response	%
1	Under 18		0	0%
2	18 - 25		70	63%
3	26 - 35		20	18%
4	36 - 45		21	19%
5	Over 45		0	0%
	Total		111	100%


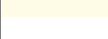


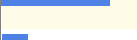
2. Place of residence:

#	Answer		Response	%
1	Portugal		111	100%
2	Click to write Choice 2		0	0%
	Total		111	100%





3. Professional situation:

#	Answer		Response	%
1	Student		56	50%
2	Self-employed		1	1%
3	Employed by others		49	44%
4	Unemployed		5	5%
	Total		111	100%


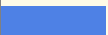


4. Monthly net income:

#	Answer		Response	%
1	Under 500€		23	21%
2	500€ - 1000€		25	23%
3	1000€ - 2000€		25	23%
4	Over 2000€		6	5%
5	None		31	28%
	Total		110	100%



5. How often do you buy footwear?

#	Answer		Response	%
1	Rarely		0	0%
2	1 - 2 pairs per year		32	30%
3	3 - 4 pairs per year		46	43%
4	5 - 6 pairs per year		22	20%
5	Over 6 pairs per year		8	7%
	Total		108	100%

6. From those, how often it costs between 60€ to 160€?

#	Answer		Response	%
1	Rarely		0	0%
2	1 - 2 pairs per year		78	72%
3	3 - 4 pairs per year		24	22%
4	5 - 6 pairs per year		4	4%
5	Over 6 pairs per year		3	3%
	Total		109	100%

7. When buying, do you always choose the same brands?

#	Answer		Response	%
1	Yes		16	15%
2	No		93	85%
	Total		109	100%

8. If yes, which are your preferred brands?

Text Response

nike, asics, timberland, allstars

Fly London, Hera, Foreva

fly london

ALDO

camper, gola, birkenstock

Zilian, Aldo, Made in

Fly e Cubanas

Parfois, "Haiti", Zillian

aldo, zillian, via uno, arezzo

Adidas, Nike, Merrell

Aldo, Nike, Primark

Foreva

zillian

Aldo, Zara



FLY LONDON

Hush Puppies, LK Bennet

9. When buying footwear what importance do you give to different themes within the collection? Example: footwear “casual”, “night”, “dress”, “to work”, “weekend”,...

#	Answer		Response	%
1	Lot of importance – it helps me to choose		16	15%
2	Some importance		59	54%
3	None importance – I don't care about the themes		34	31%
	Total		109	100%

10. Would you be interested in purchasing footwear from a brand that offers quality and design at prices below the average of other brands, but that is not known in the market?

#	Answer		Response	%
1	Yes		107	98%
2	No		2	2%
	Total		109	100%

11. Why?

Text Response

porque valorizo muito mais o sapato em si do que propriamente a marca

A Marca não é um dos factores mais importantes na minha decisão de compra, muito frequentemente o preço tem maior peso.

O factor qualidade/preço é bastante importante.

Porque não dou importância às marcas mas sim à relação preço/ qualidade.

Para mim o importante é que goste do calçado e que me sinta bem com o mesmo acima de tudo, independentemente do preço ou marca.

Porque não é por ser uma marca conhecida ou desconhecida que o calçado é melhor. O que importa realmente é se o calçado é bom... e se for a um preço mais acessível muito melhor!!

porque ainda nao trabalho e estamos em crise!quanto mais barato e cómodo melhor!!(o ser giro nem se poe em questão, de outra maneira fica na loja!!)

A marca não é importante para mim. O que importa é a qualidade.

Estou mais interessada num calçado que seja mais confortável e que vá de encontro aos meus gostos e necessidades, do que na ostentação da marca.

Poupar dinheiro

Por ter uma melhor relação qualidade/preço

Estaria interessada uma vez que nas marcas mais conhecidas pagamos essencialmente pelo nome da marca, e a qualidade do calçado pode ser a mesma que noutra marca menos conhecida.

Embora haja ocasiões em que mostrar que se usa uma marca xpto possa ser importante, na verdade o que mais me interessa é poder ter sapatos confortáveis, elegantes, ao menor preço possível. Tenham em conta por exemplo a Zara...compramos lá sapatos...mas não queremos que vejam que são Zara :p

Teremos sempre mais escolha no momento de compra.

Não é a marca que interessa, é o design, conforto a um preço razoável.

Porque neste momento de crise temos de poupar em tudo. Se houver qualidade a um preço mais baixo, sem dúvida, que adquiriria. Para mim a marca não interessa minimamente.

Porque estamos a precisar de novo calçado Nacional com qualidade bom design e sobretudo com preços acessíveis a todos!

Não escolho marcas. Escolho qualidade, conforto e design.
Porque a marca não é importante, é mais importante o conforto e o design.
Porque a qualidade / preço é uma mais valia! A minha prioridade não é a marca.
Por oferecer o que é importante: qualidade, design e bom preço.
Não compro propriamente por ser da marca x ou y mas sim porque o calçado é confortável e de qualidade.
Porque o mais importante para mim é gostar do modelo do calçado, independentemente da marca.
Se o calçado tem qualidade e é mais económico, fica-se a ganhar .
Se tem qualidade e o design me agrada porque não
Não ligo muito às marcas
...desde que goste do calçado, interessa-me em adquirir ..independentemente da marca
Porque valorizo mais a qualidade,o conforto, o design e o preço do que a marca.
O que interessa é o design e o conforto.
Porque tem muito mais vantagem um calçado barato mas com design e qualidade do que um calçado caro com as mesmas características. Para mim a marca não é assim tao importante ao ponto de optar pelos sapatos caros.
A qualidade aliada ao preço são dois factores que costumo ter em conta. o que interessa é o conforto e se for possível ter um preço acessível aliado ao conforto, melhor ainda.
o mais importante é que sejam confortáveis, não a marca dos sapatos
Para mim a marca não é tão relevante, é mais importante ter uma boa relação qualidade/preço.
Não dou importância a marcas
Porque o que aprecio mais é a qualidade, acima de tudo.
Qualidade e design é mais importante do que a fama no mercado.
Quero sapatos/botas de boa qualidade, que durem e não se estraguem facilmente
Porque sou essencialmente sensível ao preço, à qualidade e se estivermos a falar de calçado que não seja sapatilhas sou muito sensível ao local de fabrico, preferindo sempre a produção nacional.
Não ligo a marcas mas sim à qualidade e conforto
porque o que mais me interessa no calçado é sentir-me confortável e porque normalmente o uso até ao fim e não compro apenas para usar 1 ou 2 vezes
Porque não são as marcas que fazem as pessoas, são as pessoas que fazem as marcas:)
Para mim no calçado o importante é a qualidade e o conforto que o sapato me proporciona. se a marca é ou não conhecida no mercado não é um factor de decisão.
Desde que tenha número 34
Porque o que interessa é precisamente a combinação qualidade/preço.
simplesmente, não ligo a marcas, gosto de calçado confortável.
Se há qualidade e design, sem ser imitação, o conhecimento da marca no mercado será uma questão de tempo.
o que me interessa é a qualidade e o design, não a marca

O objectivo do consumidor é maximizar o rácio qualidade-preço...
Porque a marca não é o que mais valorizo, relativamente a preço, design e qualidade.
Porque dou mais valor à qualidade
Porque a marca não me interessa minimamente. Interessa-me um bom calçado, em pele, com uma boa relação qualidade/preço.
Porque sim
Porque interessa-me que mais ninguém a tenha para além do conforto e trendy
Porque a meu ver interessa a qualidade e não tanto o nome da marca, portanto desde que me assegurem a qualidade estaria interessada
Porque poderia adquirir dois sapatos pelo preço de um.
SE MANTIVER A QUALIDADE E O BOM GOSTO
pelo preço
Porque no momento de comprar um par de sapatos valorizo mais a qualidade, o design e o preço do que a marca (não relevante).
Porque o que se procura numa marca é o conforto
12. When Purchasing footwear, which attributes are more important: (1: Most Important to 6: Less Important)

#	Answer
1	Comfort/Ergonomics
2	Quality
3	Design/Style
4	Versatility
5	Brand
6	Store Service
7	Other:
	Total

Outro:
preço
Preço

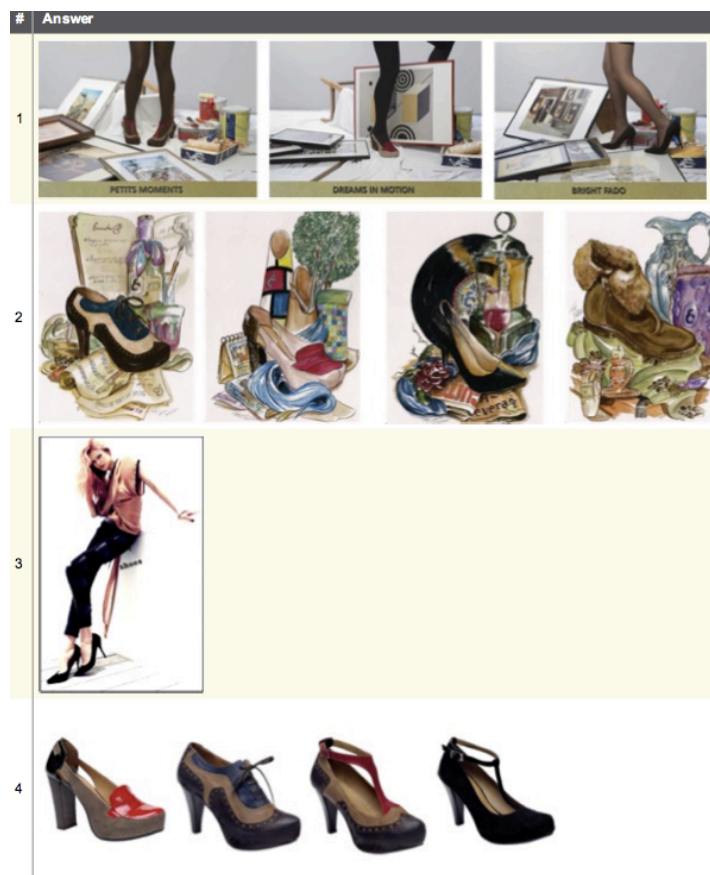
13. Do you know the following brands?

#	Question	Sim	Não	Responses	Mean
1	Aldo	92	10	102	1
2	Atelier do Sapato	0	95	95	2
3	Bibi Lou	4	91	95	2
4	Camport	56	40	96	1
5	Cubanas	60	38	98	1
6	Donni	2	92	94	2
7	Fly London	81	20	101	1
8	Foreva	84	15	99	1
9	Globe	48	49	97	2
10	Helsar	4	90	94	2
11	Hera	77	22	99	1
12	Lanidor	89	9	98	1
13	Massimo Dutti	84	11	95	1
14	Shoes Closet	9	84	93	2
15	Stiletto	13	79	92	2
16	Uterqüe	27	66	93	2

14. If yes, which attributes do you associated to each of them?

#	Question	Conforto/ Ergonomia	Design/ Estilo	Marca	Qualidade	Serviço de Loja	Versatilidade
1	Aldo	22	58	30	30	9	11
2	Atelier do Sapato	0	0	1	0	0	0
3	Bibi Lou	0	2	1	1	0	0
4	Campport	49	5	15	25	3	4
5	Cubanas	28	45	19	20	3	11
6	Donni	0	1	1	0	0	0
7	Fly London	52	57	53	46	3	21
8	Foreva	27	41	20	22	18	21
9	Globe	13	18	24	10	6	4
10	Helsar	1	3	3	2	0	1
11	Hera	41	21	28	25	13	15
12	Lanidor	16	37	43	28	15	13
13	Massimo Dutti	13	40	55	30	17	12
14	Shoes Closet	2	6	3	3	0	3
15	Stiletto	2	7	10	4	1	1
16	Uterqüe	4	15	16	11	4	4

15. Which of the following campaigns best capture your attention?



#		Response	%
1	<div style="width: 13%;"></div>	13	13%
2	<div style="width: 9%;"></div>	9	9%
3	<div style="width: 31%;"></div>	31	30%
4	<div style="width: 49%;"></div>	49	48%
	Total	102	100%

16. Comments:

Text Response

A meu ver só o sapato num fundo de cor clara, mas de preferência branco é o ideal. Cativa mais a visão e consegue-se ter um maior angulo do produto.

o exemplo um e dois estao muito pouco apelativos. Confunde um pouco o conceito de marca, não dá para perceber. Deviam optar pela simplicidade, pois ao olhar para aquelas fotos não se percebe realmente o que está a ser vendido.

Os primeiros dois exemplos mostram muita confusão e não evidenciam o calçado. O terceiro exemplo, na minha opinião, é o que tem mais impacto, uma vez que as mulheres olham para a imagem da modelo e querem ser como ela, vestir e calçar o mesmo.

Se associarem momentos acredito que terão mais sucesso Se me permitem ir mais longe, a marca TODDs - Italiana (CARISSIMA!!!) tem os melhores anuncios de SEMPRE!! A Fly London tambem costuma ter uns muito bons a jogar com o nome Fly Tenham em atenção que...dependendo dos valores da marca, muda muito a percepção! :)

Se existir Site meter sempre os Sapatos em pelo menos dois planos!

Gosto mais quando consigo perceber qual o estilo de roupa que se deve usar com os sapatos

É nesta última que consigo ver melhor as características dos sapatos em causa.

acho que uma pessoa quer sempre saber como fica no contexto geral do corpo da mulher

Num anúncio aprecio que os sapatos estejam calçados, ficam mais elegantes, mas o destaque na fotografia devem ser os pés.

Realmente a última escolha possível (os 4 pares sem qualquer "ambiente envolvente) é melhor para perceber o tipo de sapato e o seu design, objectivamente...

quero ver o sapato em si!

EXHIBIT 3 - SOME SURVEY'S ANSWERS TO "WITH WHAT DO YOU ASSOCIATE THE BRAND NAME "SHOESCLOSET", WITHOUT NO OTHER INFORMATION?"

furniture
Footwear
shoes
Something to store shoes
shoes
shoes
A closet to put your shoes in
closet for shoes
With a closet for shoes
Shoes
A closet for shoes
furniture
A Closet for keeping your Shoes...
closet
Girl dream closet
A closet only for shoes
fashion shoes
store that sell shoes; sex & the city; premium price
shoes
Prada
for women who are fanatic for shoes
shoes
closet for shoes
A wide range of shoes
Either a closet or a Store that sells shoes
boots
shoes, fashion, young
new
a closet for shoes
furniture
a sapatos
Footwear
Shoes
sapateira
to a closet for shoes, as a product - or a shoe store brand
Loja de sapatos
shoes
a lot of shoes
organization
money
shoes+ a closet!!! Instead of closet of clothes, is a closet FULL of pair of shoes....every girl's dream!
With Shoes
shoes
a great diversity
A shop for shoes
women
Shoes second hand shop
shoes' store
A shoes store
shoes store

Empresa que vende prateleiras para sapatos!
 private shoe collection
 things to storage shoes
 furniture to keep shoes...
 shoes
 shoes
 marca de sapatos
 Shoe store
 A place where you can organize your shoes.
 shoes
 Closet
 similar to a regular closet but only for shoes
 capa para sapatos
 A big closet full of shoes, like Sexy and City.
 a place where we can buy shoes
 a closet just for shoes
 shoes
 sapatos
 With a room to organize shoes
 a shoe brand
 i don't know the brand
 Shoe Store
 a huge closet for shoes only
 A shoes web shop
 With an elegant and fancy woman closet.
 A place to store shoes
 Something where people can keep their shoes
 A closet of shoes...
 shoes
 fashion
 Closet for shoes
 a closet just for shoes
 shoes that I put in a closet
 A closet for shoes
 a closet to keep shoes..
 shoe store
 a closet to store your shoes... duh =P
 Wardrobe full of shoes
 shoes
 fancy shoes that are kept in home in a closet
 shoes
 Shoes
 shoes
 SHOES
 sapatos
 a closet for shoes
 A big stand to keep your shoes organized
 A shoe store.
 Shoes Store

EXHIBIT 4 – MARKET SIZE GROWTH FORECAST FOR PORTUGAL

	2010-11	2011-12	2012-13	2013-14	2014-15
Portugal					
Footwear	-1,3	1,0	0,5	0,5	0,5
Children's Footwear	-0,7	1,0	0,4	0,9	0,7
Men's Footwear	-3,2	0,8	0,5	0,4	0,4
Women's Footwear	-0,4	1,1	0,5	0,5	0,4

Research Sources:

Apparel: Euromonitor from trade sources/national statistics

©2011 Euromonitor International

EXHIBIT 5 – SALES OF FOOTWEAR BY DISTRIBUTION FORMAT IN PORTUGAL

% retail value rsp	2005	2006	2007	2008	2009	2010
Store-Based Retailing	97.4	97.4	97.5	96.9	97.3	97.0
Grocery Retailers	10.7	11.1	11.4	11.6	11.8	12.0
Non-Grocery Retailers	86.7	86.3	86.1	85.3	85.6	85.0
Mixed Retailers	0.1	0.1	0.2	0.3	0.3	0.3
Department Stores	0.1	0.1	0.2	0.3	0.3	0.3
Mass Merchandisers	-	-	-	-	-	-
Variety Stores	-	-	-	-	-	-
Warehouse Clubs	-	-	-	-	-	-
Clothing and footwear specialist retailers	75.9	75.5	75.3	74.0	73.9	72.9
Leisure and Personal Goods Specialist Retailers	9.6	9.7	9.7	9.9	10.2	10.5
Sports goods stores	7.5	7.7	8.0	7.9	8.0	8.3
Other Leisure and Personal Goods Specialist Retailers	2.1	2.0	1.7	2.0	2.2	2.2
Other Non-Grocery Retailers	1.1	1.0	0.9	1.2	1.2	1.2
Non-Store Retailing	2.6	2.6	2.5	3.1	2.6	3.0
Homeshipping	2.2	2.1	2.0	2.3	1.4	1.2
Internet Retailing	0.3	0.4	0.5	0.7	1.1	1.7
Direct Selling	0.1	0.1	0.1	0.1	0.1	0.1
Vending	-	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

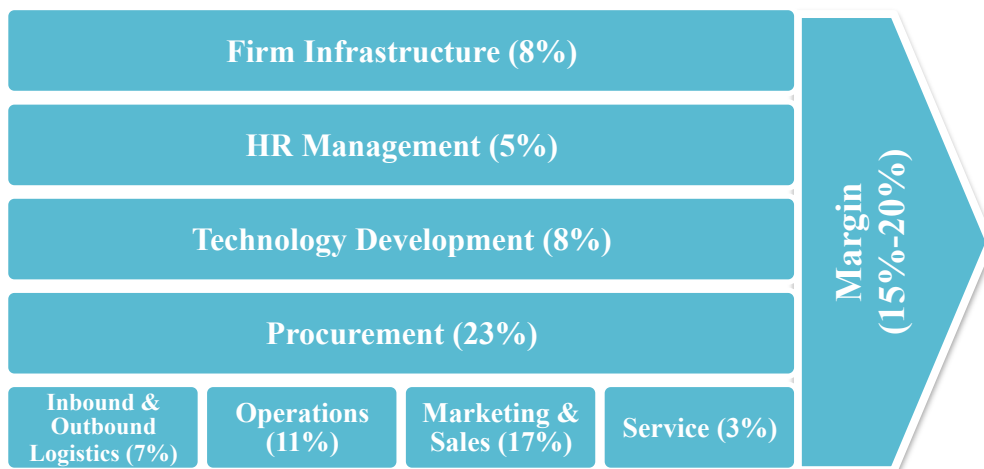
EXHIBIT 6 – BRAND SHARES IN PORTUGAL

Brand	Company name (GBO)	2005	2006	2007	2008	2009	2010
Portugal							
Footwear							
Nike	Nike Inc	24,3	24,2	23,5	22,5	22,9	24,2
adidas	adidas AG	-	21,6	21,0	21,0	21,6	22,5
Modalfa	Sonae SGPS SA	2,3	2,0	2,1	2,3	2,4	2,4
Foreva	Kyaia de Fortunato O Frederico & Ca Lda	1,9	1,7	1,6	1,5	1,8	1,9
Chicco	Artsana, Gruppo	2,1	2,1	1,9	1,9	1,9	1,9
Zara	Inditex, Industria de Diseño Textil SA	1,5	1,5	1,5	1,5	1,5	1,7
Hera	Grupo Hera	1,0	1,1	1,1	1,4	1,5	1,6
C&A	Cofra Holding AG	0,6	0,7	0,7	0,8	0,9	1,0
Converse	Nike Inc	0,5	0,5	0,4	0,5	0,7	0,8
Reebok	adidas AG	-	1,0	0,9	0,9	0,7	0,8
Vêtimarché	ITM Entreprises SA	0,5	0,6	0,6	0,7	0,7	0,7
Sapatália	Kyaia de Fortunato O Frederico & Ca Lda	0,7	0,8	0,7	0,7	0,7	0,7
Godiva	Mário Silva & Silva Lda	0,4	0,5	0,5	0,5	0,6	0,6
Massimo Dutti	Inditex, Industria de Diseño Textil SA	0,3	0,4	0,4	0,4	0,5	0,5
Zippy	Sonae SGPS SA	0,1	0,2	0,4	0,5	0,5	0,5
Umbro	Nike Inc	-	-	0,1	0,1	0,2	0,3
LOOP footwear	Sonae SGPS SA	-	-	-	0,1	0,1	0,2
Lanidor Woman	Lanidor SA	0,2	0,2	0,2	0,2	0,2	0,2
Uterqüe	Inditex, Industria de Diseño Textil SA	-	-	-	0,1	0,1	0,2
Docker's	Levi Strauss & Co	0,2	0,1	0,1	0,2	0,1	0,2
Levi's	Levi Strauss & Co	0,2	0,1	0,1	0,2	0,1	0,2
Charles	Christian Sapatarias SA	3,0	2,1	1,7	1,1	-	-
adidas	adidas-Salomon AG	16,5	-	-	-	-	-
Reebok	adidas-Salomon AG	0,8	-	-	-	-	-
Private label	Private Label	3,6	4,1	4,1	4,3	4,5	4,7
Others	Others	39,3	34,6	36,3	36,7	35,9	32,4
Total	Total	100,0	100,0	100,0	100,0	100,0	100,0

Research Sources:

Apparel: Euromonitor from trade sources/national statistics

EXHIBIT 7 – VALUE CHAIN



When allocating **Logistics** costs as a percentage of the revenues both logistics contribute to 7% of the costs, on average. This value may vary 2 percentage values according to the specificities of the orders, for instance, if it is to national or international markets, if the models in question are very heavy or if the used materials were stored for a long time.

Production is, on average, responsible for 11% of costs, which includes labor, hours by machine and machinery wear. Once again this value may vary 2 percentage points; some models require less labor and there is some effectiveness issues since some workers may be faster than others or some activities take longer than others.

The **Marketing and Sales** activity is responsible for 20% of the costs, on average, which might include promotion in fashion magazines (Vogue, Elle, Máxima, Happy) and newspapers (Sol, DN, Público), in TV, after the news or soap operas, events sponsorship, social networks, online magazines and blogs; it also includes the salary of the worker that is in the store; it should be pointed out that half of these are fixed costs like wages.

Regarding post-sale **Service**, this activity contributes, on average, to 3% of the costs, which may vary one percentage point according to the shoe model.

For the **Firm Infrastructure** activity it accounts to 8% of the costs and around 60% of this value are fixed costs.

In **Human Resource Management**, on average this activity represents 5% of costs, again with a 2% variation. As long as the company has new workers coming in the costs associated to recruitment and training will remain high; 80% of this cost regards initial training. About 1% (out of the 6%) is allocated to design; nevertheless design

management is divided in different areas, not only HR management but also operations and marketing for instance.

To the activity **Technology Development** is allocated 8% of the costs that are more linked to innovation than machinery itself since these last may be diluted throughout the years.

The **Procurement** activity accounts to 23% of the costs, however exists variations of 15% among models depending on quantities and diversities of raw materials utilized as well as components.

EXHIBIT 8 – PRODUCTIVE CAPACITIES

By the time of one analysis ShoesCloset was working with 4 plants, each with an average allocated time of 50% to ShoesCloset orders. However, taking into account the international sales the company had already realized that it needed to expand its productive capacity thus having thought about outsourcing labor from two more plants in the upcoming year. Above one might see the monthly total capacities of group of plants in the “capacity/month” column¹⁷. Next is the total capacity per year in which one considers only 11 months due to holidays on which the plants are closed. On the final column are the total capacities for ShoesCloset per year. On that one had into consideration that only half of the total plants’ production are allocated to ShoesCloset.

	Plants Number	Capacity/month	Capacity/year (11 months)	Capacity/Shoes Closet/year
Feb.2011	3	500	5500	2750
Sep.2011	4	800	8800	4400
Feb.2012	5	1300	14300	7150
Jul.2012	6	1650	18150	9075

¹⁷ Given by ShoesCloset’s CEO.

EXHIBIT 9 – INDUSTRY MAPPING

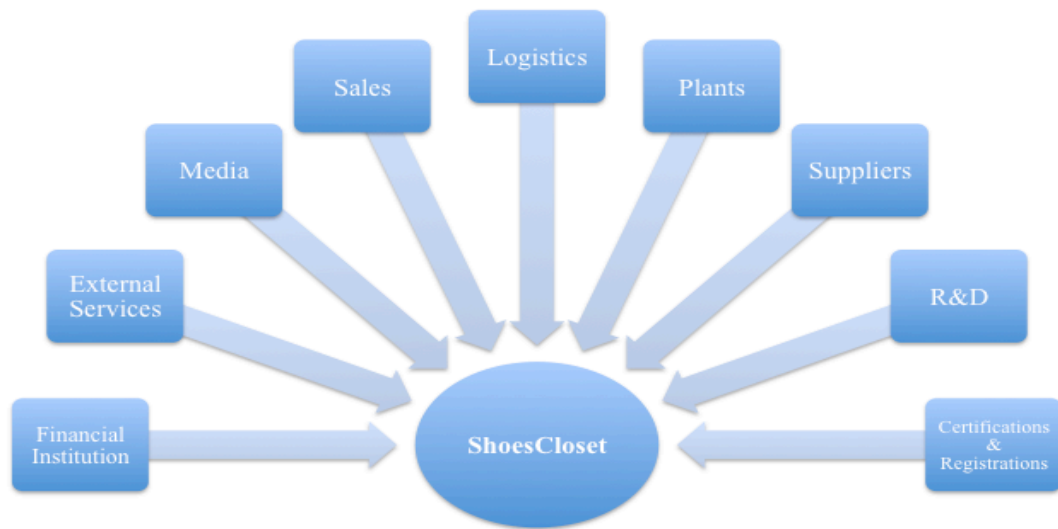


EXHIBIT 10 – POSITIONING MATRIX

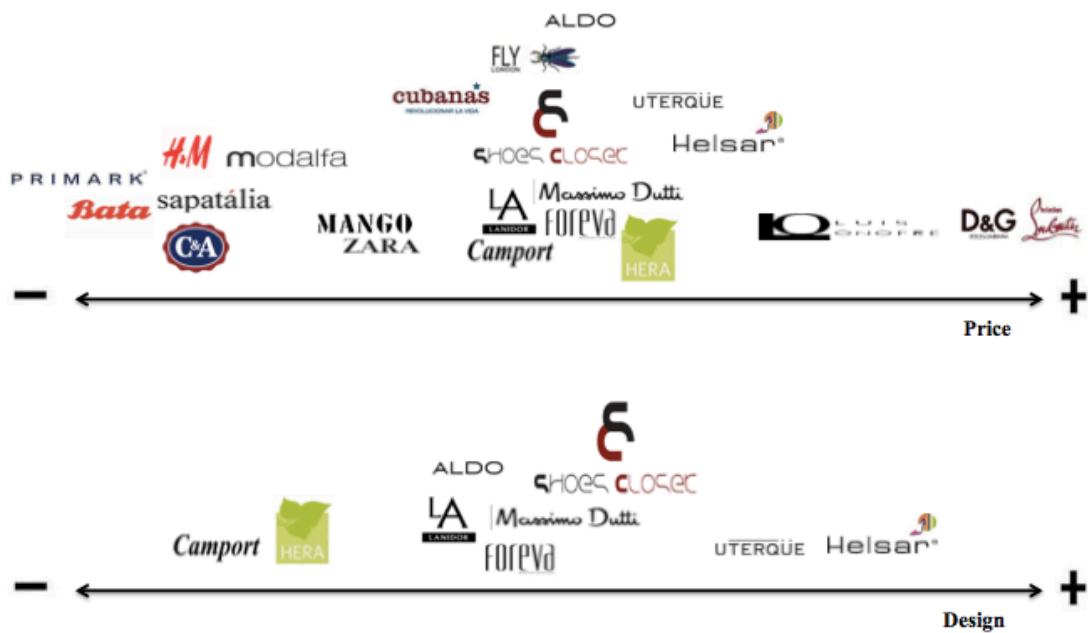


EXHIBIT 11 – MARKET SIZE GROWTH FORECAST FOR GERMANY

	2010-11	2011-12	2012-13	2013-14	2014-15
Germany					
Footwear	0,4	0,3	0,4	0,5	0,6
Children's Footwear	-0,9	-0,8	-0,4	-0,2	-0,8
Men's Footwear	0,6	0,4	0,2	0,5	0,2
Women's Footwear	0,5	0,5	0,6	0,7	1,0

Research Sources:

Apparel: Euromonitor from trade sources/national statistics

©2011 Euromonitor International

EXHIBIT 12 - CONSUMER EXPENDITURE BY REGION IN GERMANY

	2005	2006	2007	2008	2009	2010
Germany						
Consumer Expenditure on Clothing and Footwear						
Total - US\$ million	81.940,1	83.678,3	94.671,2	103.013,9	97.076,9	94.687,0
Nordrhein-Westfalen - US\$ million	18.898,1	19.495,5	21.370,5	23.255,8	21.925,1	21.384,5
Bayern - US\$ million	12.907,9	13.110,9	15.735,1	17.129,2	16.185,7	15.831,0
Baden-Württemberg - US\$ million	11.161,5	11.793,9	13.731,5	14.920,5	14.059,5	13.715,3
Niedersachsen - US\$ million	7.547,0	7.325,0	8.782,4	9.584,5	9.043,7	8.827,7
Hessen - US\$ million	6.347,7	6.602,0	7.437,1	8.088,7	7.623,5	7.435,8
Rheinland-Pfalz - US\$ million	4.035,1	3.468,3	3.921,0	4.249,9	3.998,8	3.894,7
Sachsen - US\$ million	3.687,6	3.400,4	3.805,5	4.131,0	3.869,9	3.755,6
Berlin - US\$ million	3.162,9	3.066,6	3.553,3	3.900,1	3.688,2	3.612,3
Schleswig-Holstein - US\$ million	2.751,0	3.241,8	3.344,3	3.648,9	3.445,9	3.367,8

Research Sources:

Consumer Expenditure on Clothing and Footwear: National statistical offices/OECD/Eurostat/Euromonitor International

©2011 Euromonitor International

EXHIBIT 13 – BRAND SHARES IN GERMANY

Brand	Company name (GBO)	2005	2006	2007	2008	2009	2010
Germany							
Footwear							
Deichmann (Heinrich Deichmann-Schuhe GmbH & Co KG)	Heinrich Deichmann-Schuhe GmbH & Co KG	30,8	31,9	33,1	33,9	34,6	34,5
Hamm & Reno (Hamm-Reno Group)	Hamm-Reno Group	6,2	6,6	6,9	7,2	7,3	7,4
adidas (adidas AG)	adidas AG	-	7,4	7,5	7,4	7,2	7,1
Nike (Nike Inc)	Nike Inc	6,0	5,7	5,7	6,1	5,8	5,3
Görtz (Ludwig Görtz GmbH)	Ludwig Görtz GmbH	3,3	3,4	3,5	3,6	3,7	3,8
Gabor (Gabor Shoes AG)	Gabor Shoes AG	3,1	3,2	3,3	3,4	3,5	3,5
Bahner (Leiser Handelsgesellschaft mbH)	Leiser Handelsgesellschaft mbH	3,2	3,3	3,4	3,5	3,5	3,4
Kienast (Kienast Schuhhandels GmbH & Co KG)	Kienast Schuhhandels GmbH & Co KG	2,1	2,1	2,2	2,3	2,2	2,3
Salamander (Ara, Salamander AG)	Ara, Salamander AG	-	-	-	-	2,3	2,3
Fink (Fink Schuhe & Sport GmbH)	Fink Schuhe & Sport GmbH	2,3	2,3	2,4	2,5	2,4	2,3
Geox (Geox SpA)	Geox SpA	0,7	1,0	1,4	1,7	1,8	1,8
Siemes (Siemes Schuhcenter GmbH & Co KG)	Siemes Schuhcenter GmbH & Co KG	1,8	1,8	1,8	1,7	1,7	1,7
Klauser (Schuhhaus Klauser GmbH & Co KG)	Schuhhaus Klauser GmbH & Co KG	1,7	1,7	1,7	1,6	1,7	1,7
Esprit (Esprit Holdings Ltd)	Esprit Holdings Ltd	0,5	0,5	0,6	0,6	0,7	0,7
H&M (H&M Hennes & Mauritz AB)	H&M Hennes & Mauritz AB	-	-	0,2	0,2	0,2	0,2
Salamander (Salamander AG)	Salamander AG	2,5	2,4	2,3	2,2	-	-
adidas (adidas-Salomon AG)	adidas-Salomon AG	7,4	-	-	-	-	-
Reno (Hamm-Reno Group)	Hamm-Reno Group	-	-	-	-	-	-

Research Sources:

Apparel: Euromonitor from trade sources/national statistics

©2011 Euromonitor International

EXHIBIT 14 – SALES OF FOOTWEAR BY DISTRIBUTION FORMAT

% retail value rsp	2005	2006	2007	2008	2009	2010
Store-Based Retailing	86.7	87.1	87.4	87.8	89.5	91.2
- Grocery Retailers	3.0	3.0	3.2	3.3	3.4	3.3
- Non-Grocery Retailers	83.7	84.1	84.2	84.5	86.1	87.9
- - Mixed Retailers	6.9	6.8	6.7	6.6	6.7	6.5
- - - Department Stores	6.2	6.1	6.0	5.9	5.9	5.8
- - - Mass Merchandisers	-	-	-	-	-	-
- - - Variety Stores	0.7	0.7	0.7	0.7	0.8	0.7
- - - Warehouse Clubs	-	-	-	-	-	-
- - Clothing and footwear specialist retailers	65.5	65.9	65.8	66.2	67.5	69.7
- - Leisure and Personal Goods Specialist Retailers	9.9	9.9	10.0	10.0	9.9	9.8
- - - Sports goods stores	9.9	9.9	10.0	10.0	9.9	9.8
- - - Other Leisure and Personal Goods Specialist Retailers	-	-	-	-	-	-
- - Other Non-Grocery Retailers	1.4	1.5	1.7	1.7	2.0	1.9
Non-Store Retailing	13.3	12.9	12.6	12.2	10.5	8.8
- Homeshopping	10.5	10.0	9.5	9.0	7.0	5.0
- Internet Retailing	2.8	2.9	3.1	3.2	3.5	3.8
- Direct Selling	0.0	0.0	0.0	0.0	0.0	0.0
- Vending	-	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

EXHIBIT 15 – ADVANTAGES AND DISADVANTAGES OF A BRAND REPRESENTATIVE

Advantages of Brand Representative	Disadvantages of Brand Representative
Continuous networking	Representative's margin
Post-sale service	Transportation/Accommodation costs
Monitoring stores and sales performance	Communication costs
	Incentives
Advantages of Direct Export	Disadvantages of Direct Export
Margin maximized	Less control over stores and sales
Sporadic travels to Germany	Less networking and market research
No extra costs with HR	Travel costs
Less risks	

1. Inês, how did you come up with the idea of creating Guava?

“Guava arose when I was in the USA in 2010 working in a Product Design company. I’m used to draw shoes as hobby, and suddenly I found myself in the US with a whole and innovative collection. From then to the actual projection of Guava was a question of days.”

2. Which is the target market of Guava? Please mention the age bracket and segment.

“The target market includes women within 20 and 55 years old that appreciate new trends, are interested in design and look for products from the new eco-generation’s designers.”

3. Which are your professional competencies as well as responsibilities within the firm?

“Partner-Manager: design, commercial and public relations functions.”

4. Which is your past experience within the footwear sector?

“I worked at Jimmy Choo, in London.”

5. How many people, besides you, work at Guava? Which are their respective professional competencies as well as responsibilities within the firm?

“Guava is composed by 1 employee, the Partner-Manager. The remaining collaborators are external to the company, which is the case of the factory and the public relations’ agency.”

6. Where (local, number of factories) are the Guava’s shoes produced?

“The only factory that produces the Guava’s shoes is located in São João da Madeira.”

7. Do you outsource the production? If yes, how do you control the product’s quality?

“Yes, I do outsource the production and the quality control is carried out during the production process at the factory. After being packed, the shoes’ quality is also controlled at the warehouse in the Lisbon, by myself.”

8. Where (local, country) do the raw materials and components come from?

“All the raw materials originate from Portugal, with the exception of the high heel frames which are manufactured in Spain”.

9. In how many stores is Guava present within the Portuguese market? What kind of stores are they? Mono-brand, multi-brand, clothing?

“Guava is represented in four stores within the Portuguese market. All stores are multi-branded establishments”.

10. Are those stores targeted to the same segment of Guava?

“Yes, they all are”.

11. Do you sell online? Please justify.

“Yes we do sell online, with the intention of giving every customer who doesn’t live near any of our stores the opportunity to purchase our items directly from the brand”.

12. Which is the average production price of a pair of Guava’s shoes?

“The exact costs of production as you might know are not to be disclosed. However, I can reveal that a figure of 100 € can be reached”.

13. Which is the average selling price of a pair of Guava’s shoes?

“Between 120 to 240 €”.

14. How many pairs have you already sold in the Portuguese market?

“250 pairs of shoes.”

15. Which are, in your opinion, the main competitive factors of Guava in the Portuguese market? E.g. design, style, innovation, quality, in-store sales service, versatility, comfort... This is, what distinguishes a Guava shoe from its competitors’ footwear?

“Design, innovation, comfort, new in the market.”

16. Are the design and innovation exclusively developed in-house? Are you the only responsible for them? Do you try to understand what is already available in the market and what your competitors are developing?

“I try to pay attention to what already exists and to what may be created. Nonetheless, the ideas emerge from the roof until that they get shape and are transformed in Guava’s footwear. Design and innovation are therefore exclusive and unique characteristics of the company.”

17. Regarding marketing and communications, what are you main practices? For instance, does Guava participate in fashion events such as Portugal Fashion or

Moda Lisboa or advertise its footwear in fashion magazines such as Vogue or Elle?

“In terms of marketing and communications until the present it was only based on media such as magazines, interviews on TV and blogs. Guava’s participation in events are options to consider for the future. Concerning paid advertising in magazines, it is not carried out by Guava.”

18. Besides Portugal, in which other countries is Guava present?

“Spain (Madrid and Barcelona) and the Netherlands (Rotterdam).”

19. Besides taking the decision about internationalization to these markets, did you first visit the country and participated in international footwear fairs?

“These stores directly contacted me. I only visited the Spanish buyers to their offices in Madrid at the moment of the sales order. Those were exceptional cases because it is usually conducted by contacts of Guava to distributors or sales agents in the respective countries or by direct contacts with stores.”

20. Which was the selected mode of entry?

“The mode of entry was exporting to multi-brand stores. The choice is made by understanding the niche markets and target segments of those stores and if that is aligned with Guava.”

21. Does Guava have a representative from the brand living in those countries?

“No.”

22. Do you consider that Guava’s brand has been successful in the international markets?

“Yes, a lot. Sales from the first and from the second months were higher than the expected. Overall, the balance is positive.”

EXHIBIT 17 – CONSUMER EXPENDITURE BY REGION IN PORTUGAL

	2010	2011	2012	2013	2014	2015
Portugal						
Consumer Expenditure on Clothing and Footwear						
Acores - US\$ million	168,9	179,0	175,9	175,2	175,4	173,8
Alentejo - US\$ million	485,9	513,6	503,4	500,1	499,4	493,6
Algarve - US\$ million	355,2	380,3	377,5	379,6	383,6	383,4
Centro - US\$ million	1.675,7	1.779,5	1.752,0	1.748,3	1.753,4	1.740,0
Lisboa e Vale do Tejo - US\$ million	2.775,2	2.953,6	2.913,7	2.912,2	2.925,6	2.907,4
Medeira - US\$ million	123,2	129,9	127,0	125,8	125,4	123,6
Norte - US\$ million	2.912,4	3.099,0	3.056,9	3.055,7	3.070,1	3.051,7
Total - US\$ million	8.496,6	9.035,0	8.906,3	8.896,8	8.933,0	8.873,5

Research Sources:

Consumer Expenditure on Clothing and Footwear: National statistical offices/OECD/Eurostat/Euromonitor International

©2011 Euromonitor International

EXHIBIT 18 – PLACE

Distribution Format	Name	Address
Shopping Mall	Schadow Arkade/Sacha Shoes	Schadowstrasse 11 40212 Düsseldorf
Department Store	Karstadt	Schadowstrasse 93, 40212 Düsseldorf
Footwear Specialist Retailers	Görtz-Lady	Königsallee 60 Düsseldorf
Footwear Specialist Retailers	Peek & Cloppenburg	Berliner Allee 2, 40212, Düsseldorf, Deutschland

EXHIBIT 19 – TRANSPORTATION COSTS

Since it is costumers' choice to order the products with the transportation costs included or not, one assumed that half of the expected sales would be ShoesCloset responsibility to take care of the transportation. One also assumed an average order size of 150 pairs of shoes and an average weight per pair of 1,2kg. The average transportation cost per order was then calculated based on Agility prices to Germany, namely Düsseldorf.

	2012	2013
Sales Volume - half	1 279	2 420
Average Order Size	150	150
Avg. Number of Orders	9	16
Avg. Transp. Cost/Order	63	63
Total Transp. Costs	540	1 022



PESO / KG	Recolha e Frete	Dusseldorf Hamburgo Stuttgart
1-50	29,77 €	10,27 €
51-100	32,88 €	11,45 €
101-200	46,94 €	16,43 €
201-300	60,56 €	21,52 €
301-400	74,27 €	29,20 €
401-500	87,96 €	34,56 €
501-600	100,59 €	39,92 €
601-700	114,29 €	44,55 €
701-800	126,86 €	49,18 €
801-900	139,72 €	53,81 €
901-1000	152,10 €	58,44 €

EXHIBIT 20 – INCREMENTAL OPERATIONAL COSTS

Operational Costs	Annual Costs (€)
Travel	900
Accommodation	1 890
Car rent	1 500
TOTAL	4 290

EXHIBIT 21 – INCREMENTAL MARKETING COSTS

Marketing Costs	Annual Costs
GDS	11500
Reimburse	-5175
Stand	4000
Vogue Accessories	1800
TOTAL	12125

EXHIBIT 22 – EXPECTED INCOME STATEMENT WITH A BRAND REPRESENTATIVE

	2012	2013
International Sales	140 000	265 000
Brand Representative's Costs	-15 290	-24 040
Cost of Sales (80%)	-112 000	-212 000
Transportation Costs	-540	-1 022
Gross Margin	12 170	27 938
International Marketing Costs	-12 125	-12 125
EBITDA	45	15 813

EXHIBIT 23 – TIMELINE

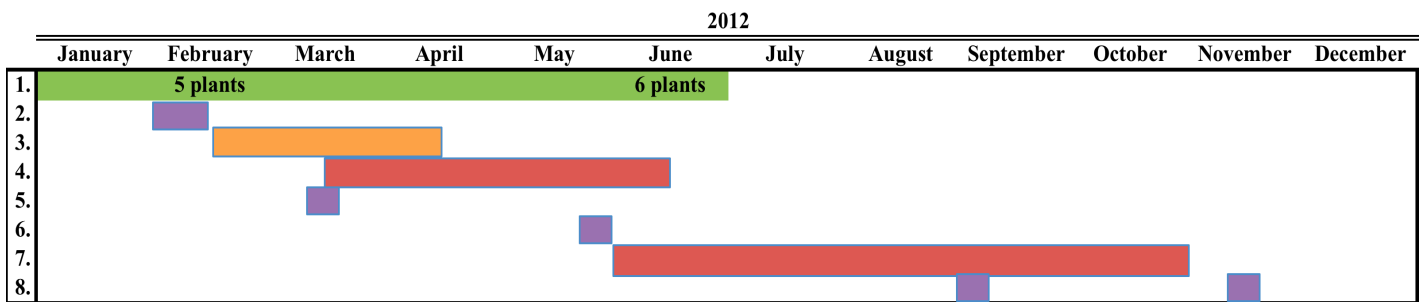


EXHIBIT 24 - TOTAL EXPECTED SALES

Expected Sales - Exports	2012	2013
Value	140 000	265 000
Volume	2 557	4 840
Expected Sales - Portugal	2012	2013
Value	180 000	250 000
Volume	1 818	2 525
Total	2012	2013
Value	320 000	515 000
Volume	4 375	7 365

EXHIBIT 25 – BREAK-EVEN ANALYSIS FOR 2012

International Break-Even	€
Operational Costs	-4 290
Marketing Costs	-12 125
Cost of Sales	-66 944
Transportation Costs	-321
Sales	83 680
Net Revenue	0
Sales Volume	1 528